

General Information Letter: Lottery winners who receive a single federal Form W-2G should also receive a single Form IL-W-2G reporting the same winnings.

June 27, 2000

Dear:

This is in response to your letter dated June 19, 2000. Given the nature of your inquiry and the information you provide, I am responding with a General Information Letter. This is not to be taken as a statement of Department policy or as a binding ruling by the Department. As general information gathered in response to your particular questions, however, I hope that it is helpful to you. See 86 Ill. Adm. Code 1200.120(b) and (c), which can be obtained at the following website:

<http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter you have stated the following:

I received your name from Lisa Crites at the Illinois Lottery Commission. Our office represents two families that shared in the ownership of a lottery ticket. As a matter of convenience and privacy, the lottery proceeds were divided into two equal checks, one for each family. Each family then subdivided the proceeds among the family members.

The lottery proceeds and withholding have been reported under one Federal ID Number for each family. Each family has elected to not be treated as a partnership for federal tax purposes. Likewise, for Illinois purposes the families would like to allocate the income and related withholding to each of the family members.

Lisa Crites suggested that I contact you for a form or methodology to assist the family members in properly recording their allocable share of income and withholding.

Please let me know what assistance you can provide in this regard. Thank you.

Response

I understand the issue to be whether and by what mechanism the withholding already taken can be distributed to all of the taxpayers receiving lottery winnings from the single ticket. Since only one payment was made and one FEIN was used, separate IL-W-2G's cannot be used.

Please instruct each recipient of prize money that he or she is entitled to claim his or her share of amounts withheld for Illinois income tax purposes for the year of distribution. This amount should be calculated on a pro rata basis, depending upon his or her percentage of the total amount won. In lieu of Form IL-W-2G, please attach a copy of this letter and a copy of the single IL-W-2G with each return as evidence that the amount of withholding claimed is a part of the entire withholding taken under the single FEIN.

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Please do not hesitate to call me at (217) 782-2844 if you have further questions. As stated above, this is a general information letter that does not constitute a statement of policy that applies, interprets or prescribes tax law. It is not binding on the Department as a definitive statement of law. If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Sincerely,

Kent R. Steinkamp
Staff Attorney -- Income Tax